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China and Latin America

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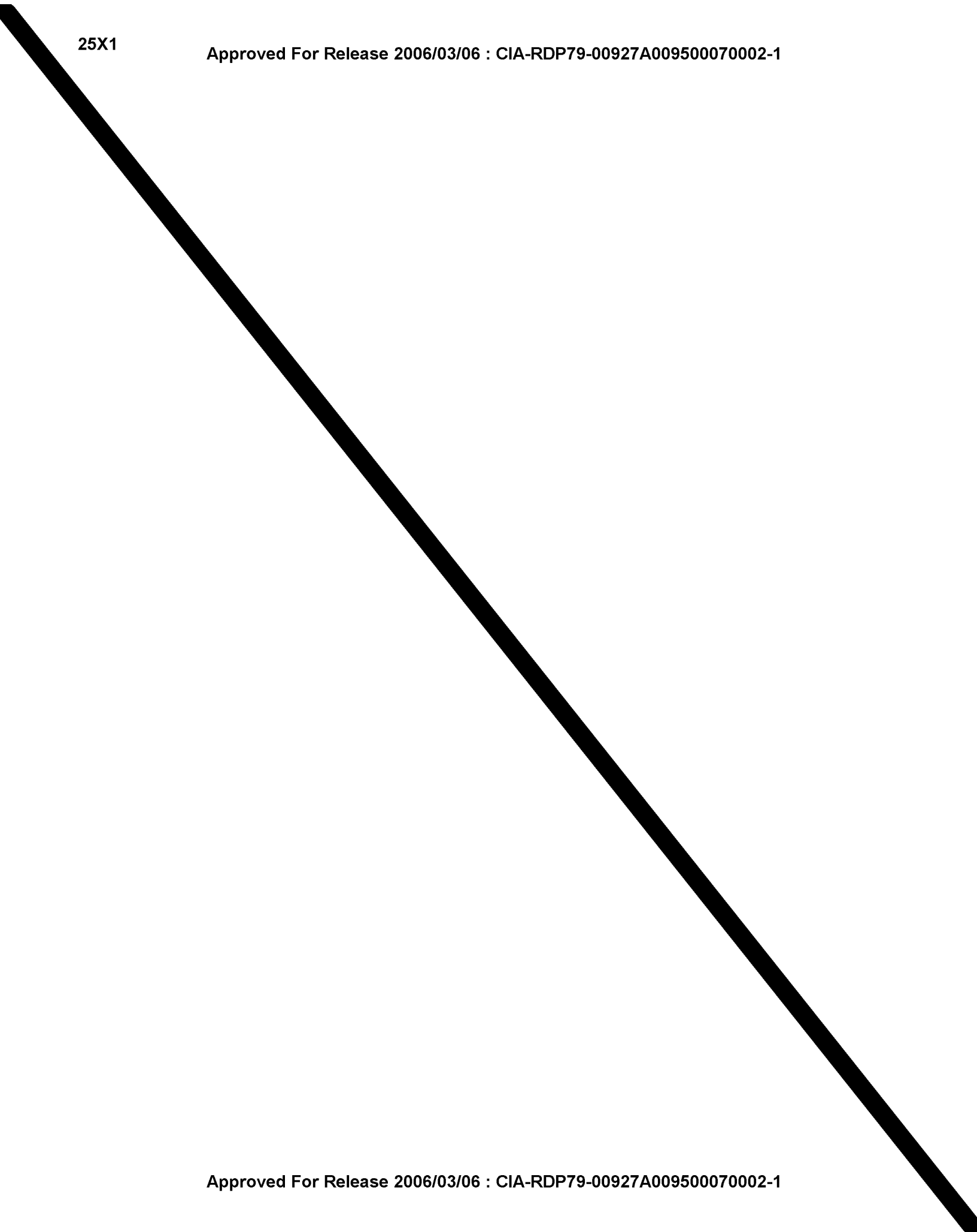

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CHINA and LATIN AMERICA

After a decade in which Latin America was just another ideological battleground in the Sino-Soviet quarrel, Communist China has shifted to a more pragmatic approach to the region. The new diplomatic drive that started in 1969 has paid off: previously, only Cuba had diplomatic relations with the People's Republic; now, Chile, Peru, Mexico, and Argentina recognize Peking. By combining astute diplomacy with offers of economic aid and the lure of a potential market for Latin American products, China should be able to ensure steady gains in Latin America. Although they are unlikely to be such as to make Peking a major influence in the region in the foreseeable future, the Chinese probably will feel amply rewarded if their efforts help ease Latin America out of its special relationship with the US and into the "third world"—i.e., those less-developed countries that Peking seeks to champion against the superpowers.

A Weak Start

Before 1959 no other region of the world appeared less likely to be the scene of Communist Chinese diplomatic triumphs than Latin America. The US was well entrenched, and there were almost no important contacts between Peking and the countries in Latin America. No Latin American government recognized the People's Republic of China until Castro took over in Cuba in 1959. Worse still, most Latin countries maintained diplomatic relations with Chiang Kai-shek's rival Nationalist regime on Taiwan.

To Peking, Castro's victory was an encouraging sign that Latin America was entering a period in which economic and political changes would undermine US influence in the area and lead to real socialist revolutions. China quickly recognized the new Cuban government and in 1960 extended it economic aid. After some hesitation, the Chinese granted ideological approval to Castro's regime by acknowledging its socialist character. Sino-Cuban relations grew steadily warmer, particularly after the missile crisis of 1962. Already at odds with Moscow, China attempted to profit from Khrushchev's discomfiture by berating him for "adventurism" and for letting Cuba down by capitulating to Washington.

Despite the opportunities presented by the missile crisis and growing Latin American nationalism, the 1960s were not a decade of great success for China in Latin America. In early 1963, the USSR patched up its differences with Cuba. The Soviets extended economic aid at a level China was unable to match. Although Castro initially avoided taking sides in the deepening Sino-Soviet controversy, his increasing economic reliance on Moscow inevitably propelled him into the Soviet camp. By 1966, Chinese relations with Cuba reached a low point. Castro criticized the Chinese for reducing rice deliveries, and Peking recalled its ambassador without appointing a replacement. By the late 1960s, Peking and Havana were exchanging verbal blows over differences in revolutionary theory and tactics. In 1969, Carlos Rafael Rodriguez strongly implied that Cuba would support the USSR if hostilities broke out between Russia and China.

Cuba was not the only place where the Chinese clashed with the Soviets. Indeed, all of Latin America was an ideological battleground where Peking and Moscow competed for influence and support among the region's Communist parties. It was an unequal contest. Peking was unable to weaken the long-standing ties between the Latin American parties and Moscow; nor could the

Chinese take advantage of the revolutionary proclivities of the radical wing of the Latin American left. At most, the Chinese were able to attract only poorly organized splinter groups. Moreover, Peking's supporters were prone to ideological and personal rivalries that led to factionalism. Although pro-Chinese movements eventually emerged in ten Latin American countries, none attracted an extensive or influential following, and none developed into a significant political force. Maoist ideology and revolutionary tactics attracted some support in intellectual and student circles, but few of Latin America's self-proclaimed Maoists had any organizational base or firm ties with Peking.

China's emphasis on revolution adversely affected Peking's efforts to establish relations with Latin American governments. The Chinese tried to play on Latin resentment of the US, particularly after the anti-US disorders in Panama in 1964 and Washington's intervention in the Dominican Republic in 1965. But Peking's continuing call for armed revolution almost completely canceled out the effect of the appeal to anti-US nationalism. It proved easy to outbid the USSR and its friends in Latin America in militancy, but almost impossible to dispel the fears of Latin American governments that Peking meant to subvert them. For example, Brazil appeared to be on the verge of forging official ties with the People's Republic in 1964, but the opportunity disappeared after the military coup against President Goulart. Subsequently, the strongly anti-Communist military regime expelled the Chinese commercial officials who had been in Brazil for only a few months. Later, Mexico took action against the Chinese by closing the New China News Agency office in Mexico City. By 1971, only Chile, in addition to Cuba, had accepted a permanent official Chinese presence, a trade mission that had been in Santiago since 1964.

Peking Shifts Gears

When the Chinese in 1969 emerged from the Cultural Revolution and returned to the fields of diplomacy, calls for violent social revolution were muted in favor of demonstrations of Chinese support for the national interests of small, underdeveloped nations, no matter what their political leanings. China drastically curtailed and, in some cases, perhaps eliminated its financial subsidies to Latin American political groups. In Peru and Bolivia, for example, financial support for the pro-Chinese Communist parties apparently ended.

Chou and Che before friendship turned to polemics.

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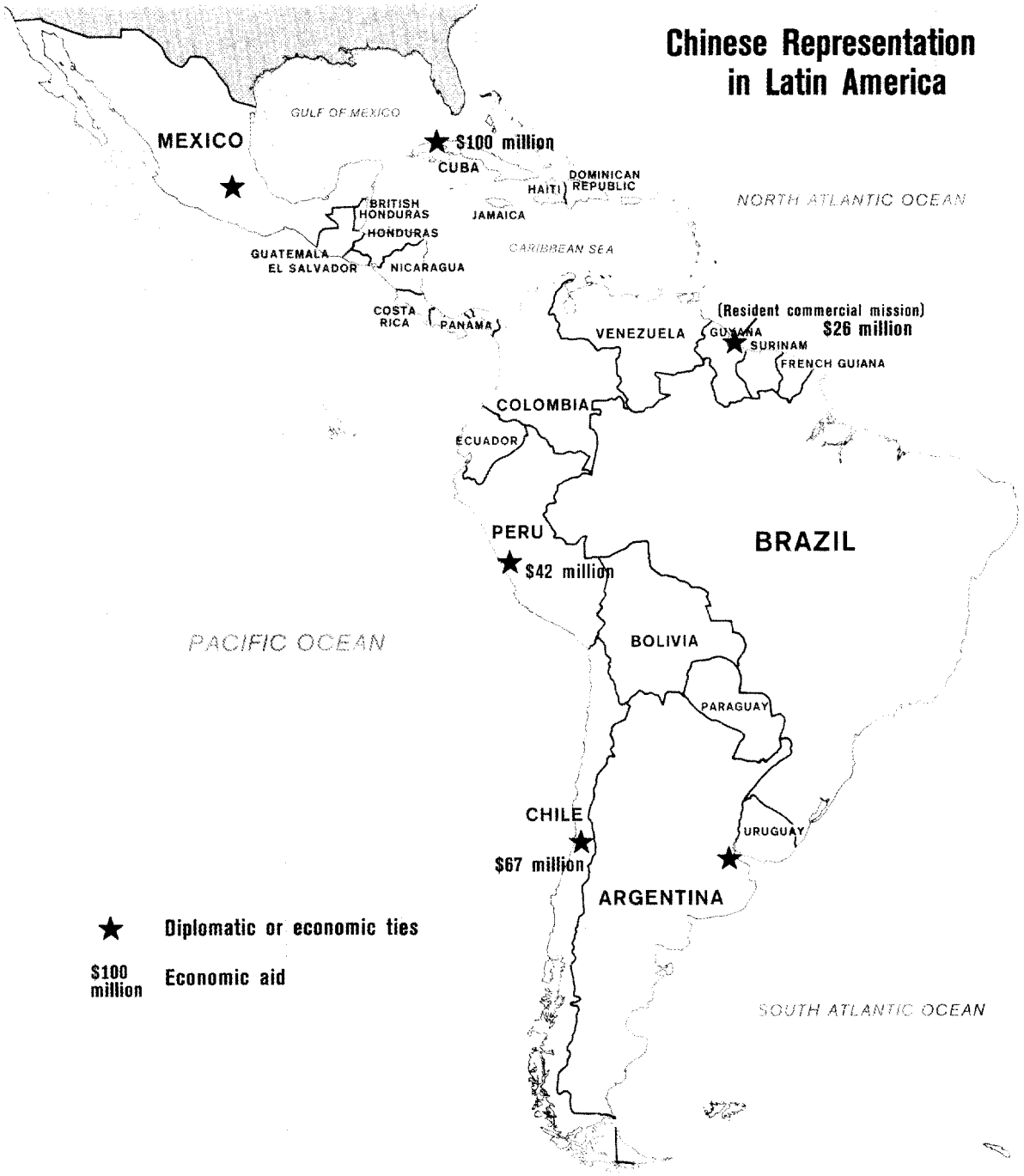

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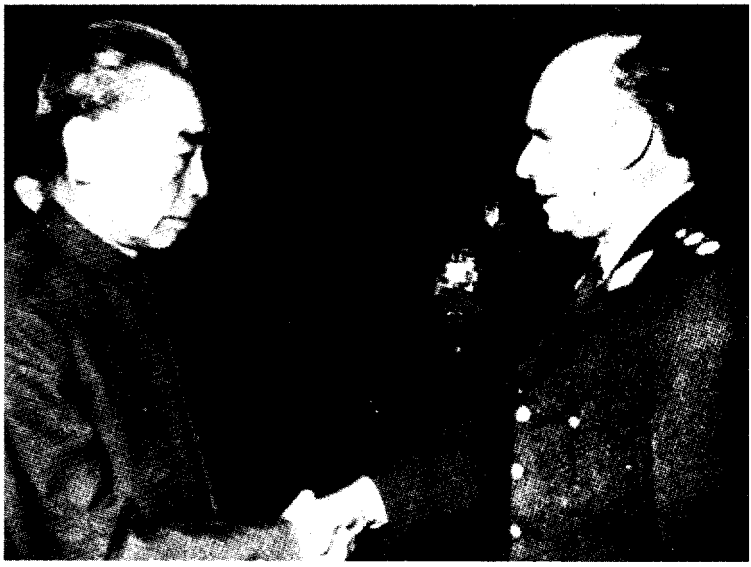
Political operations such as those mounted through local Chinese cultural institutes in various Latin American countries also felt the pinch. In correct Maoist fashion, Peking stressed that local pro-Chinese organizations must be self-reliant. Several have been told to support themselves on the proceeds from sales of Chinese publications, souvenirs, and art. The Chinese undoubtedly will attempt to maintain and expand their political and cultural contacts throughout Latin America, but in the future China is likely to supply funds only to well-defined, well-organized projects or movements that give some promise of a political return for Peking.

Peking has paralleled this hard-headed approach to Latin American Communist parties with a more flexible and pragmatic effort to establish and improve relations with local governments. In Latin America, this new diplomacy bore first fruit in the newly favorable climate of Chile; the Allende regime established diplomatic relations with China in January 1971, just two months after it took office. The following June, Peru agreed to exchange permanent trade missions, and five months later Lima and Peking moved on to diplomatic relations. Chinese commercial contacts with Mexico led to Mexican recognition in February 1972. Later the same month, Argentina agreed to exchange ambassadors with Peking. Chinese personnel arrived in Guyana on 11 March to open a permanent trade mission. At present, Sino-Ecuadorean negotiations are under way in London; they are expected eventually to produce formal economic or diplomatic ties.

In the past year and a half, Peking also has tentatively improved its relations with Cuba. A Chinese ambassador arrived in Havana in December 1970 after a four-year absence. Havana responded to this gesture by returning its envoy to Peking in June 1971. Both sides now refrain from publicizing their differences on such sensitive topics as revolutionary strategy in Latin America and Cuba's role in the region. Instead, Chinese media have attempted to point up Peking's anti-



The $41-million handshake: Chou and Peruvian Minister Maldonado

imperialist bond with Havana by defending Cuban actions directed against the US, such as the seizure of the vessels *Layla Express* and *Johnny Express*. A five-year trade and payments agreement was signed in May 1971. The annual trade protocol signed at the same time provided for $120 million in trade. The trade protocol for 1972, signed in March, called for a trade level of about $100 million. A poor Cuban sugar harvest, however, probably will cause the level to fall below this figure. The Cubans also reportedly want to conclude a new cultural agreement with Peking in 1972.

Goals and Tactics

Peking's goal in Latin America is to expand its own influence and prestige as a major power. This obviously involves the undercutting of US influence and the pre-emption of Soviet attempts to gain influence. To accomplish this, China seeks to coax the Latin American nations away from a special relationship with Washington into a loose "third world" grouping within which the Chinese can pose as the champion of the interests of small, economically underdeveloped countries.

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China seizes every opportunity to persuade Latin Americans that it is part of the "third world." At the Afro-Asian table tennis tournament in Peking last November, the Chinese welcomed observers from several Latin American countries, and it was agreed that the next tournament will include Latin American teams. At the third UN Conference on Trade and Development in Santiago, Chile, in April 1972, Peking supported the effort of "third world" countries to gain economic concessions from the developed nations.

Stressing its "anti-imperialist" history, China searches for issues on which it can demonstrate its support for Latin American efforts to achieve economic and political independence from Washington. For example, the Chinese provide strong propaganda support for the Panamanian position with respect to the Canal Zone, while the nationalization of US-controlled industries in Chile (and elsewhere) is heralded in the Chinese press. These are treated more as blows against Washington than as landmarks on the road to socialism.

At the same time, Peking's propaganda line also strikes out at the USSR. Chinese spokesmen accuse Washington and Moscow of attempting to divide the world into two spheres of influence and call upon Latin Americans to unite with Asian and African countries in a struggle to resist domination by the two superpowers. This argument is used, for example, in trumpeting Peking's support of the 200-mile limit for territorial waters. According to Peking, both the US and USSR oppose the limit in order to control the resources of the oceans.

Colombian ping-pong team visits the Great Wall of China.

The Chinese bolster such political appeals with offers of economic aid supplemented by the lure of expanded trade. China's bid for Peruvian recognition was accompanied by Peking's agreement to purchase by the end of 1972 $30 million worth of fishmeal and fish oil as well as $45 million worth of copper, lead, and zinc. The extension of a $41-million loan to Peru the following November was accompanied by an agreement to buy a further $100 million worth of minerals during the period 1972-74. In December 1971, a $65-70 million contract to buy Chilean copper made China Chile's third largest customer for that product. Previously, the Chinese had agreed to buy $3.3 million worth of nitrates. A $2-million Chinese grant in July 1971 to aid Chilean victims of an earthquake was a prelude to the $65-million loan extended to Santiago in February 1972—when Chile badly needed foreign assistance to meet its growing economic difficulties. Although most of the loan will be devoted to construction projects in Chile, about $12-13 million will be used to finance imports essential to Chile during 1972.

Guyana is the third Latin American country since early 1971 to benefit economically from the People's Republic. In April, Peking granted a

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$26-million loan for use in expanding Guyana's light industry. China also appears to be interested in purchasing sugar and may want timber and alumina as well.

Pitfalls

Peking is handicapped in its effort to expand its influence and economic presence in Latin America. Chou En-lai and other high-ranking Chinese officials have admitted publicly that China is still economically underdeveloped. Its ability to export modern machinery and technology is limited, and Chinese industrial exports, although cheaper, often do not match the quality of similar products from the US, the USSR, Western Europe, or Japan. Peruvian officials have noted that Chinese mining equipment is not as suitable as similar machinery made in Peru. This disadvantage is partially overcome by the extremely lenient terms of Chinese economic aid—usually no interest and a long repayment period.

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China is admirably suited to provide assistance in some types of agriculture and in such basic construction projects as roads, railroads, ports, and certain kinds of light industry. This type of aid may prove attractive to countries still heavily dependent on agriculture and engaged in developing the basis for industrialization. To states such as Brazil and Argentina, however, which already are industrialized to a significant degree, the attraction is the Chinese market, not the prospect of cheap Chinese aid.

China also faces the task of living down a reputation for subversion. Despite the current emphasis on conventional diplomacy and the creation of good state relations, most Latin American governments remain wary of China's intentions and continued contacts with radical left-wing movements.

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The Chinese

Latin American Countries Heroically Defend Their Territorial Sea Rights

Chinese propaganda reprinted in *China Pictorial*.

FOR a long time Latin American countries have been waging a sharp struggle against U.S. imperialism in defence of their rights over territorial waters. Early in 1947, Chile and Peru took the lead in declaring that their territorial waters extend 200 nautical miles. After that El Salvador and Ecuador followed suit. Bent on aggression and plunder, U.S. imperialism insists that the limit of territorial waters should not extend beyond three nautical miles. This blustering unreasonableness fully exposes its piratical intentions. Recently, U.S. imperialism in collusion with social-imperialism put forward a "proposal" for "fixing the territorial limits to 12 nautical miles" and has tried in vain to compel the Latin American countries to accept it. In order to defend their safety and protect their resources, many Latin American countries, on the contrary, have declared a 200-nautical-mile territorial limit in accordance with the characteristics of geography, marine biology and geology, and the necessity of a rational use of their resources. By March 1970 Nicaragua, Argentina, Panama, Uruguay and Brazil had one after another declared the 200-nautical-mile limit. At a meeting last August held by 21 Latin American countries on problems related to the law of the sea, a joint declaration reaffirming that the Latin American countries have the right to fix the limits of their own territorial waters was issued. It was signed by Mexico, Guatemala, Honduras, Costa Rica and Colombia, together with nine other countries which had declared the 200-nautical-mile territorial limit. The fact that so many Latin American countries have joined together to take common action against U.S. imperialism is a significant development in the Latin American people's struggle against U.S. imperialism. This marks a further decline in the position of U.S. imperialism as the overlord in Latin America.

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are fully aware that they are under suspicion, and they exercise considerable discretion in their activities throughout Latin America. They have taken pains to dissociate themselves from extremist groups such as the Tupamaros, and Chinese diplomats have privately cautioned China's Latin American supporters to be wary of ultra-leftism in fighting "revisionism" or right-wing regimes.

Peking's present, more practical, foreign policy runs the risk of undermining its relations with the radical left in Latin America. The contradiction between China's revolutionary convictions and the realities of its international life has been made sharper by President Nixon's visit to Peking.

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A Modest Future

Encouraged by its success since 1969, Peking probably will continue to pursue a pragmatic policy in Latin America, emphasizing good relations with existing regimes while playing down its contacts with the radical left. The Chinese regard the growth of economic nationalism throughout the region as a well-established, long-term trend that leads to clashes of interest between Latin America and the US. Seeking to capitalize on this trend, the Chinese appear willing to make significant investments in selected Latin American countries whenever the opportunity arises. Because Peking realizes that its own economic weakness makes impossible an across-the-board economic campaign, it is likely to concentrate the major portion of its aid and trade in a few countries. Peru and Chile currently appear to have been singled out for special attention.

The Chinese seem to be realistic. Faced with strong economic competition from the US, Western Europe, the USSR, and Japan, the Chinese almost certainly do not expect to achieve paramount influence in Latin America. The lure of the China market is a strong card in Peking's hand, but only a modest level of Sino - Latin American trade is likely to develop. Even when China buys up worrisome commodity surpluses—such as Peruvian fishmeal—it probably will account for only a small proportion of the country's total exports. Peking will, nevertheless, feel its efforts are worthwhile if Chinese economic and political gestures help loosen Latin America's special ties with the US and move it into Peking's "third world."

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